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April 27, 2001

TO: Karen Kalfayan
Office of the City Clerk

FROM: Kerry Morrison
Executive Director
Hollywood Entertainment District Property Owners Association

SUBJECT: First Quarter
January 1, 2001 through March 31, 2001

As is required in our Agreement with the city of Los Angeles, I am submitting our First Quarter Report to summarize key activities of the Hollywood Entertainment District. This report covers both BIDs – Phase I and Phase II. The activities will generally refer to the entire District, unless activities specific to one of the Phases are important to highlight.

I. Operational Issues

- ▶ The Court of Appeals granted a "petition for rehearing" in the case, *Epstein v. Hollywood Entertainment District POA and City of Los Angeles*. Additional briefs were filed by the February 16, 2001 deadline. The court issued a ruling on March 8 in favor of plaintiff, Aaron Epstein. No action vis a vis appeal of this ruling was taken by the end of the first quarter (the deadline for a petition for review to be filed with the California Supreme Court is April 17, 2001).
- ▶ The Phase I and Phase II Advisory Boards met in a joint session on February 7, 2001. At this meeting, the Advisory Boards passed a motion recommending to the city that the Management District Plans for Phase I and Phase II be amended to allow for the rollover of surplus funds at the end of the BID into the new BID. The funds would be earmarked for a "special projects account" that could be used for streetscape, landscape, festivals and special projects that would benefit the property owners who contributed to the surplus funds.
- ▶ The HEDPOA joined a coalition of other non profit associates that manage business improvement districts – the California BID Coalition. During this time, the POA contributed \$1,000 to the coalition. The coalition is working on clean-up legislation which will clarify some of the

ambiguous elements of existing state law that governs property BIDs. Assembly member Jackie Goldberg agreed to author the bill, and Assembly member Gil Cedillo signed on as co-author. The bill, AB 1021 will be heard by the Assembly Local Government Committee in April.

- ▶ The 2000 Annual Report for the Hollywood Entertainment District Property Owners Association was presented to the Advisory Board, and to the city of Los Angeles on March 31, 2001.
- ▶ The year-end variance report was presented to the Board of Directors at their 3/15/01 meeting and approved. The highlights were:
 - A. Phase I ended the year with \$552,674.00 in revenues and \$613,523.00 in expenses, resulting in a \$60,849 negative variance.
 - B. Phase II ended the year with \$1,414,691.00 in revenue and \$1,432,748.00 in expenses, resulting in a \$18,057.00 negative variance.
 - C. End of year reserves for Phase I amount to \$73,685.00 and there is \$187,622.00 in Phase II.

II. Security

- ▶ The Board approved a contract with Burke Executive Security & Investigations through the period September 30, 2001. This represented a contract for "core security" only – no additional funds for early morning or late night deployment. The nine-month contract amounted to \$828,000.
- ▶ The Board subsequently added to the Burke Contract to increase early morning deployment (two days a week beginning at 6 a.m.) and late night deployment (one weekend night until 1:00 a.m.) in the Phase II area. The cost of this additional deployment is \$83,720.

III. Streetscape Issues

- California Street Maintenance's contract expired on 12/31/00 and they were working on a month-to-month basis while the Streetscape Committee negotiated a rate and scope of service within budget. The CSM proposal for 2001 exceeded the HED budget by \$15,000 to 20,000.

- ▶ All 120 planters were refurbished during this quarter. Iron grates were removed from the top, soil replenished or replaced, plants replaced in 80 planters and all planters were painted a beige/pink color to match the terrazzo stars on the Walk of Fame.
- ▶ The board entered into a change order with California Street Maintenance to provide up to \$10,200 of various maintenance tasks (e.g., removing poles from trees, opening up tree grates, etc.). A portion was earmarked for tree trimming, only if the city does not trim the trees in CD-13 by the end of the year.

IV. Marketing

- ▶ Kim Sudhalter, marketing consultant, sent out a "restaurant/night club" press release in February which resulted in significant media attention (including the Los Angeles Times, Los Angeles magazine and Hollywood Reporter) for the Hollywood Entertainment District.
- ▶ The Hollywood Entertainment District pole banners were reinstalled after the holidays. New brackets were used for banners installed on the side streets, which allow for the banners to sway in the wind, thus alleviating pressure on those poles. Total cost for installation: \$7,500.

V BID Renewal

- ▶ During this period, the HEDPOA still did not receive its contract with the city of Los Angeles to provide services to the BID Renewal Steering Committee. The proposal was submitted to the city on 12/29/01.
- ▶ A special information piece, "Review and Renew," prepared by the BID Renewal Steering Committee, was mailed to all property owners in late February.
- ▶ The BID Renewal Steering Committee opted to limit the renewal period to two years, instead of five, given the uncertainties that have arisen owing to the Court of Appeals decision in the *Epstein* case.
- ▶ The BID Renewal Steering Committee mailed the Management District Plans and petitions to HED property owners on 3/20/01.

VI. Other

HEDPOA
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- The Hollywood Coordinating Council awarded the HEDPOA as the "organization of the year" at a ceremony held at the Roosevelt Hotel on February 2, 2001.
- People Assisting the Homeless (PATH) announced that they had named the HEDPOA as "Corporation of the Year" in conjunction with their annual fundraiser, scheduled for 6/5/01.
- Kerry Morrison participated as a panelist in a city BID conference, convened by Councilmember Mike Hernandez, on March 19.

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